

## Message Text

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PAGE 01 LONDON 20933 291210Z  
ACTION EUR-12

INFO OCT-01 ISO-00 L-03 TRSE-00 EB-08 CIAE-00 INR-07  
NSAE-00 H-01 COME-00 OMB-01 SP-02 /035 W  
-----030109 292135Z /70

R 291159Z DEC 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 1620  
INFO AMEMBASSY NICOSIA  
AMEMBASSY BONN

C O N F I D E N T I A L LONDON 20933

E.O. 11652: GDS  
TAGS: EFIN, CY  
SUBJECT: U.S.-CYPRUS INCOME TAX CONVENTION

REF: STATE 305406

1. TREASURY REP HAD CONVERSATION WITH A KNOWLEDGEABLE OFFICIAL AT INLAND REVENUE (U.K.'S EQUIVALENT OF THE INTERNAL REVENUE SERVICE). AFTER RESEARCHING THE ARCHIVES, SOURCE SAID THAT THE BRITISH SIGNED THEIR DOUBLE TAX TREATY WITH CYPRUS IN JUNE, 1974, A MONTH BEFORE THE INVASION BY THE TURKS. THEY LAID IT BEFORE THE COMMONS FOR RATIFICATION ON FEBRUARY 13, 1975. SIX DAYS LATER, ON FEBRUARY 19, THE TURKS ANNOUNCED FORMAL PARTITION OF THE ISLAND.

2. SOURCE INDICATED THAT THERE HAD OF COURSE BEEN CONSULTATION WITH THE FOREIGN OFFICE. THE TIMING WAS TO SOME EXTENT FORTUITOUS, I.E., HAD THE TURKS INVADED BEFORE THE TREATY WAS SIGNED, THE U.K. MIGHT HAVE BEEN FORCED TO THINK AGAIN. AS IT WAS, NOT TOO MUCH APPARENT THOUGHT WAS GIVEN; NO QUESTIONS WERE RAISED IN THE COMMONS PERTAINING TO THE IMPLICATIONS OF THE OPERATION OF THE TREATY AFTER THE TURKISH INVASION. HMG PROBABLY CONSIDERED THAT  
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THE GOC HAD COMPLETED ITS OWN RATIFICATION PROCESS AND THAT THE U.K. WAS MORALLY COMMITTED TO DO THE SAME. NOT ALL OF THE INHABITANTS OF THE ISLAND WOULD NECESSARILY BENEFIT, BUT AT LEAST SOME WOULD. SOURCE SAID THAT TO HIS KNOWLEDGE, THERE HAVE BEEN NO PROBLEMS UNDER THE TREATY RESULTING FROM AREAS UNDER THE CONTROL OF TURKISH-CYPRIOTS. THERE PRESUMABLY COULD BE DIFFICULTIES IF THE

TURKS TRIED TO COLLECT TAXES IMPOSED BY THE GOVERNMENT OF THE GREEK HALF OF THE ISLAND, BUT THIS HAS NOT BEEN THE CASE.

3. THE SOURCE BELIEVES THAT THE GERMANS HAD SIGNED THEIR TREATY IN MAY, 1974, PROBABLY PLACING THEM IN A SIMILAR POSITION TO THE U.K., I.E., THE GOC AUTHORITIES BENEFIT-ING FROM FORTUITOUS TIMING BETWEEN SIGNATURE AND RATIFI-CATION.

4. WE WILL ALSO RAISE ISSUE WITH APPROPRIATE FCO OFFI-CIALS WHEN THEY ARE AVAILABLE AFTER THE HOLIDAYS, AND REPORT THEIR REACTION IF IT VARIES FROM FOREGOING.

BREWSTER

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## Message Attributes

**Automatic Decaptioning:** X  
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**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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